

MICHIGAN ECONOMIC INDICATORS

A newsletter on key economic indicators prepared by the Senate Fiscal Agency.

ECONOMIC HIGHLIGHTS



- Seasonally-adjusted **light vehicle sales** declined for a seventh consecutive month in July, falling 8.2% from the June level and down 19.0% from the level one year ago. In data going back through 1976, the next-longest period of consecutive declines in light vehicles sales was the five months from March to July of 2000. Total light vehicle sales were at their lowest level since April 1992. Compared with one year ago, sales of light trucks were down 31.0%.
- **Oil prices** posted the first decline since November 2007, with West Texas Intermediate Crude falling negligibly from \$133.93 per barrel in June to \$133.44 in July. Prices were up 79.9% from July 2007 and 227.9% from July 2004.
- **Retail sales** fell 0.1% in July from the June level, pushed down by the substantial decline in motor vehicle sales. Furniture stores reported the strongest growth, rising 1.0%, followed by gasoline stations, where higher fuel prices helped push sales up 0.8%.
- **Inflation-adjusted disposable personal income** declined 1.7% in July, after declining 2.6% in June. The two months together marked the steepest consecutive monthly decline since July 1975. Part of the reduction reflects the declining effects of the 2008 Federal stimulus rebate checks; however, even if the data are adjusted for the impact of the rebate checks, inflation-adjusted disposable personal income was still down 2.9% in June and 1.4% in July, and it still represents the largest consecutive-month decline since July 1975.



- **Michigan wage and salary employment** decreased 5,000 jobs in July from the June level and was 49,000 jobs below the July 2007 level. However, employment remained above the levels experienced in April and May. Manufacturing employment increased for a third consecutive month in July, which marked its strongest and longest sustained increase in 10 years.
- Seasonally adjusted **Michigan motor vehicle production** rose markedly in July from the June level, a second consecutive monthly increase, but was down significantly from one year ago. Total July production was down 21.3% from one year ago, with truck production down 50.1%. However, July automobile production was up 54.5% from the June level and 11.6% above the level one year ago.
- July **local area unemployment rates**, which are not seasonally adjusted, showed marked increases, with the Flint and Monroe areas reporting double-digit unemployment rates of 12.3% and 10.8%, respectively. The lowest local area unemployment rate was reported for Ann Arbor, at 6.9%, compared with the statewide average of 9.1%. The only local area to report a decline in the unemployment rate from June to July was the Detroit area, where the unemployment rate declined from 9.7% to 9.4%.



JULY 2008

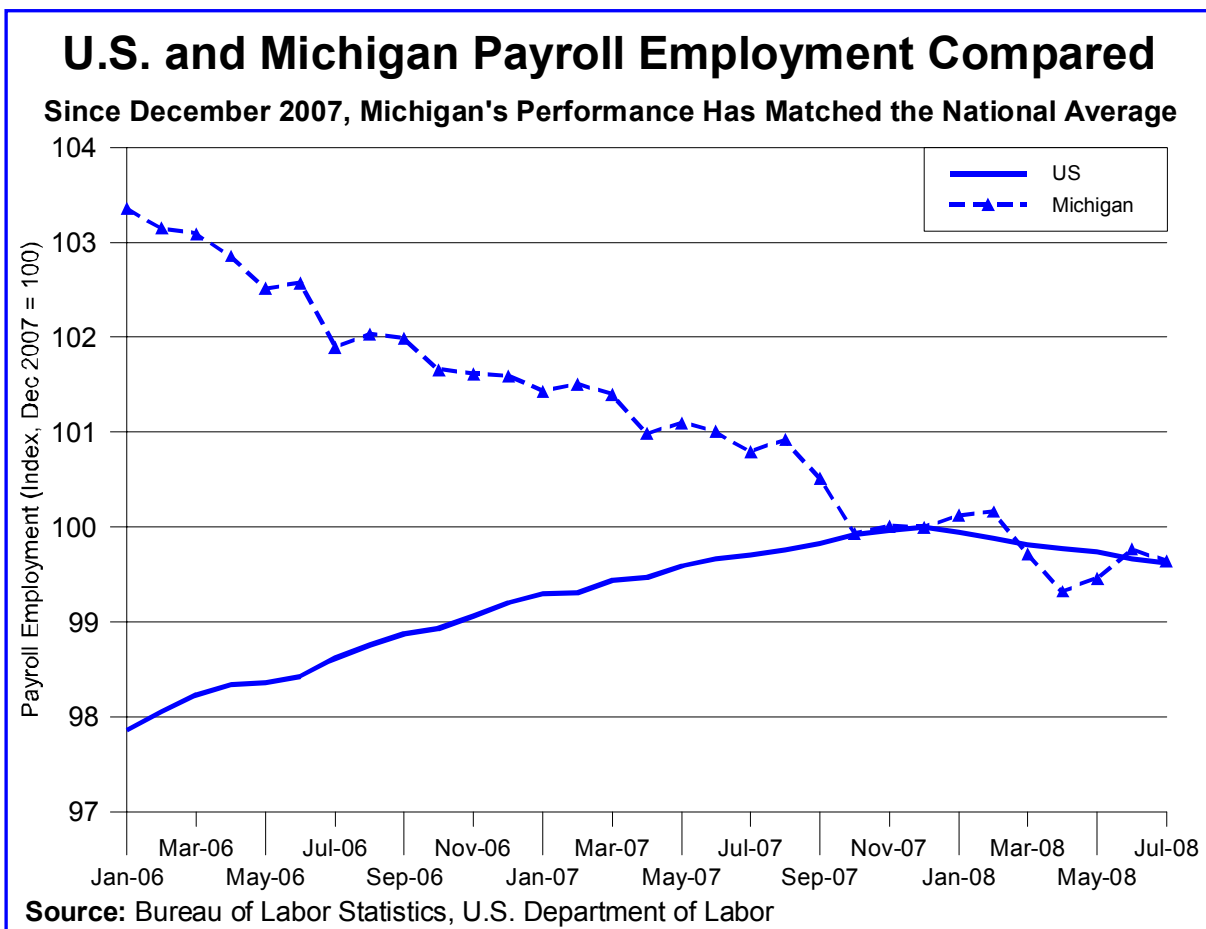
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U.S. & MICHIGAN LABOR MARKET NEWS
(Seasonally adjusted, thousands)

U.S.	July 2008	June 2008	July 2007	Change from June		Change from Year Ago	
				Number	Percent	Number	Percent
Labor Force	154,603	154,390	153,182	213	0.1%	1,421	0.9%
Employment	145,819	145,891	146,045	(72)	(0.0)	(226)	(0.2)
Unemployment	8,784	8,499	7,137	285	3.4	1,647	23.1
Unemployment Rate	5.7%	5.5%	4.7%	---	---	---	---

Michigan	July 2008	June 2008	July 2007	Change from June		Change from Year Ago	
				Number	Percent	Number	Percent
Labor Force	4,957	4,990	5,016	(33)	(0.7)%	(58)	(1.2)%
Employment	4,538	4,567	4,662	(29)	(0.6)	(124)	(2.7)
Unemployment	419	423	354	(4)	(0.9)	65	18.5
Unemployment Rate	8.5%	8.5%	7.1%	---	---	---	---

Source: Bureau of Labor Statistics, U.S. Department of Labor



MICHIGAN WAGE AND SALARY EMPLOYMENT (Seasonally adjusted, thousands)							
	July 2008*	June 2008	July 2007	<u>Change from June</u>		<u>Change from Yr Ago</u>	
				Number	Percent	Number	Percent
Total Wage & Salary Jobs	4,213	4,218	4,261	(5)	(0.1)%	(49)	(1.1)%
Goods Producing Industries	749	748	791	1	0.1	(42)	(5.3)
Natural Resources & Mining	7	7	8	0	1.4	(0)	(3.9)
Construction	149	151	165	(2)	(1.3)	(16)	(9.6)
Manufacturing	593	590	619	3	0.5	(26)	(4.2)
Transportation Equipment	188	183	205	4	2.3	(17)	(8.4)
Service Producing Industries	3,464	3,470	3,470	(6)	(0.2)	(7)	(0.2)
Trade, Transportation & Utilities	781	785	789	(4)	(0.5)	(8)	(1.0)
Information	64	64	66	(0)	(0.5)	(2)	(2.4)
Financial Activities	206	207	212	(1)	(0.4)	(6)	(2.6)
Professional & Business Services	571	576	569	(5)	(0.9)	2	0.3
Education & Health Services	606	604	595	2	0.3	11	1.8
Leisure & Hospitality Services	402	406	404	(4)	(0.9)	(2)	(0.5)
Other Services	176	176	177	0	0.2	(1)	(0.6)
Government	657	651	657	5	0.8	(1)	(0.1)
Source: Bureau of Labor Statistics, U.S. Department of Labor * Preliminary							

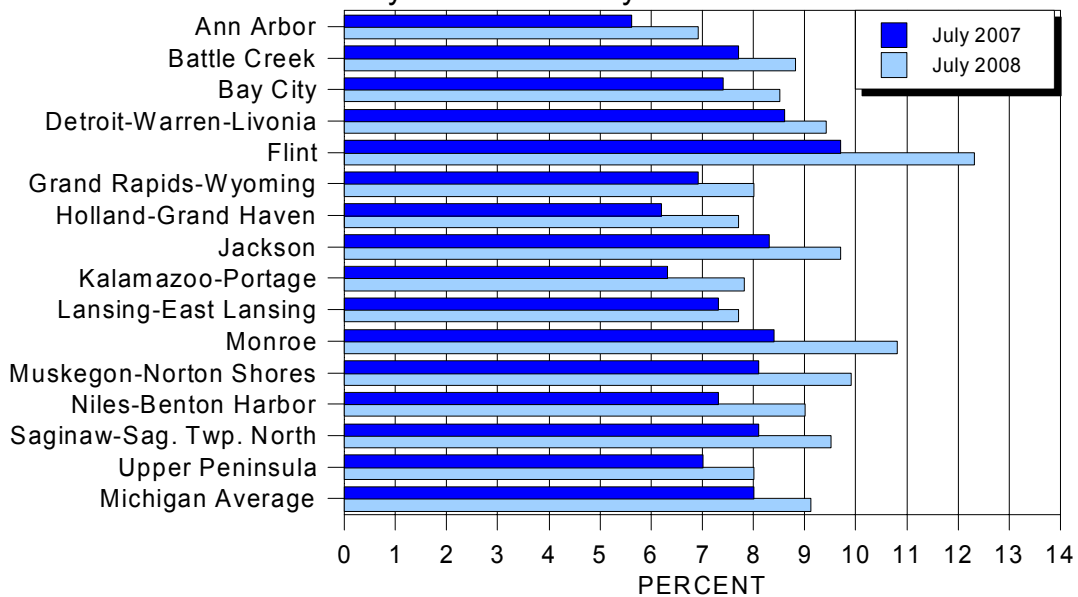
MICHIGAN AVERAGE WEEKLY HOURS AND EARNINGS						
Industry	<u>Average Weekly Hours</u>			<u>Average Weekly Earnings</u>		
	July 2008	Year Ago	Percent Change	July 2008	Year Ago	Percent Change
Construction	36.1	37.5	(3.7)%	\$792.40	\$809.63	(2.1)%
Manufacturing	41.7	40.4	3.2	911.15	866.98	5.1
Durable Goods	43.3	41.3	4.8	1,023.61	960.64	6.6
Transportation Equipment Mfg.	43.1	38.7	11.4	1,206.80	1,087.86	10.9
Motor Vehicle Parts Mfg.	41.7	37.8	10.3	1,052.93	952.94	10.5
Nondurable Goods	36.9	37.6	(1.9)	565.31	588.44	(3.9)
Wholesale Trade	38.6	39.1	(1.3)	740.35	781.22	(5.2)
Retail Trade	30.9	31.3	(1.3)	387.18	384.36	0.7
Food & Beverage Stores	27.7	29.3	(5.5)	308.86	308.82	0.0
Information	33.5	34.3	(2.3)	750.40	750.14	0.0
Financial Activities	34.5	34.7	(0.6)	668.96	637.44	4.9
Professional & Business Services	33.7	34.9	(3.4)	675.01	686.48	(1.7)
Health Care & Social Assistance	34.7	35.9	(3.3)	607.25	614.61	(1.2)
Leisure & Hospitality	22.5	23.1	(2.6)	207.90	208.82	(0.4)
Accommodation & Food Services	22.5	23.1	(2.6)	201.83	202.36	(0.3)
Source: Bureau of Labor Statistics, U.S. Department of Labor						

**MICHIGAN UNEMPLOYMENT RATES
BY SELECTED METROPOLITAN AREAS AND MULTI-COUNTY AREAS
(Not Adjusted for Seasonal Variations)**

	July 2008*	June 2008	May 2008	July 2007
Metropolitan Statistical Areas				
Ann Arbor	6.9%	6.3%	6.0%	5.6%
Battle Creek	8.8	7.8	7.5	7.7
Bay City	8.5	7.8	8.0	7.4
Detroit-Warren-Livonia	9.4	9.7	8.9	8.6
Flint	12.3	9.7	11.1	9.7
Grand Rapids-Wyoming	8.0	7.1	6.8	6.9
Holland-Grand Haven	7.7	7.2	6.8	6.2
Jackson	9.7	8.6	8.3	8.3
Kalamazoo-Portage	7.8	6.9	6.3	6.3
Lansing-East Lansing	7.7	7.2	7.2	7.3
Monroe	10.8	8.3	8.8	8.4
Muskegon-Norton Shores	9.9	8.5	8.3	8.1
Niles-Benton Harbor	9.0	8.0	7.5	7.3
Saginaw-Saginaw Twp North	9.5	8.4	9.0	8.1
Multi-County Areas				
Northeast Lower Michigan	10.0	9.2	9.6	8.6
Northwest Lower Michigan	8.3	7.6	8.1	6.9
Upper Peninsula	8.0	7.9	7.9	7.0
Michigan Statewide Average				
-- Unadjusted (comparable to figures shown above)	9.1	8.7	8.3	8.0
Source: Michigan Department of Labor and Economic Growth				*Preliminary

Michigan Regional Unemployment Rates

July 2007 and July 2008



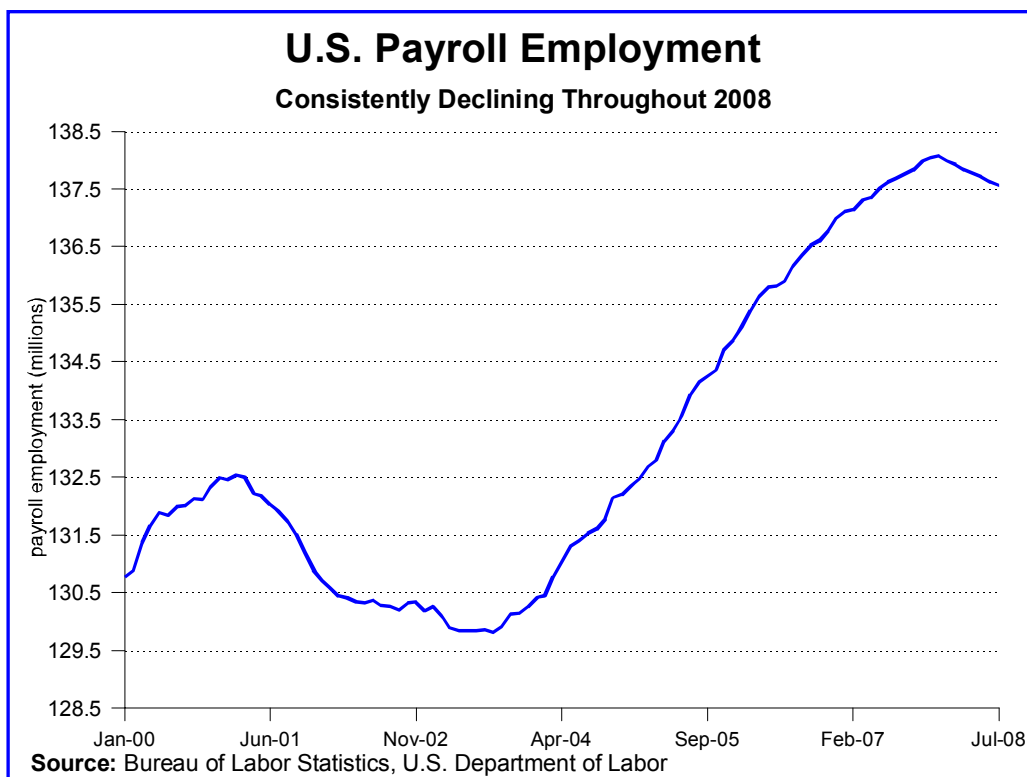
Source: Michigan Department of Labor and Economic Growth

**MOTOR VEHICLE SALES AND PRODUCTION STATISTICS
(Thousands of Units)**

	July 2008	June 2008	May 2008	April 2008	Year Ago July	Percent Change From:	
						July/June	July 2008/ July 2007
Motor Vehicle Sales¹⁾ (thousands of units, SAAR)							
Autos	6,911	7,536	7,879	7,481	7,317	(8.3)%	(5.5)%
Domestics	4,439	4,876	5,269	4,945	4,993	(9.0)	(11.1)
Imports	2,472	2,660	2,610	2,536	2,324	(7.1)	6.4
Import Share	35.8%	35.3%	33.1%	33.9%	31.8%	---	---
Light Trucks	5,600	6,093	6,333	6,982	8,120	(8.1)	(31.0)
Domestics	4,618	5,062	5,189	5,739	6,779	(8.8)	(31.9)
Imports	982	1,031	1,144	1,243	1,341	(4.8)	(26.8)
Import Share	17.5%	16.9%	18.1%	17.8%	16.5%	---	---
Subtotal: Light Vehicle Sales	12,511	13,629	14,212	14,463	15,437	(8.2)	(19.0)
Heavy Trucks	287	320	325	333	335	(10.3)	(14.3)
Total Vehicle Sales	12,798	13,949	14,537	14,796	15,772	(8.3)	(18.9)
U.S. Motor Vehicle Production¹⁾ (millions of units, SAAR)							
Autos	4,678	3,744	3,616	3,505	4,133	24.9	13.2
Michigan Motor Vehicle Production²⁾ (thousands of units, SAAR)							
Autos	1,591	1,030	1,005	899	1,425	54.5	11.6
Trucks	817	972	665	882	1,637	(15.9)	(50.1)
Total	2,408	2,002	1,670	1,780	3,062	20.3	(21.3)
Michigan Production as % of U.S.	17.0%	21.1%	19.9%	19.9%	19.3%	---	---
U.S. Motor Vehicle Inventories³⁾							
Total Car	1,156	1,235	1,264	1,404	1,318	(6.4)	(12.3)
Days Supply	47	43	41	54	49	9.3	(4.1)
Total Truck	1,846	1,967	1,915	1,943	1,846	(6.1)	0.0
Days Supply	98	95	90	89	67	3.2	46.3

SAAR = Seasonally Adjusted at Annual Rates.

Sources: 1) U.S. Department of Commerce, Bureau of Economic Analysis. 2) Michigan Department of Treasury, Office of Revenue and Tax Analysis and the Senate Fiscal Agency. 3) Automotive News, Crain Communications, Inc. (ending inventory).



OTHER KEY ECONOMIC INDICATORS

Variable	Latest Period	Actual Data			Percent Chng From	
		Latest Period	Previous Period	Year Ago	Previous Period*	Year Ago
Index of Consumer Sentiment , monthly ¹⁾ (1992=100)	July	61.2	56.4	90.4	8.5%	(32.3)%
Oil Prices ²⁾ (\$ per barrel, West Texas Intermediate Crude)	July	\$133.4	\$133.9	\$74.2	(0.4)	79.9
Housing Starts, U.S. ³⁾ (thousands of units, SAAR)	July	965	1,084	1,371	(11.0)	(29.6)
Retail Sales, U.S. ³⁾ (billions, seasonally adjusted)	July	\$346.2	\$346.6	\$337.6	(0.1)	2.6
Industrial Production Index ⁴⁾ (1997=100, seasonally adjusted)	July	111.8	111.6	112.0	0.2	(0.1)
Capacity Utilization ⁴⁾ (% of total capacity, seasonally adjusted)	July	79.9	79.8	81.4	0.1	(1.8)
Consumer Price Index ⁵⁾ (1982-84=100)						
U.S. (seasonally adjusted)	July	219.2	217.4	207.7	10.3	5.5
Detroit (not seasonally adjusted)	June	207.6	205.3	201.6	7.0	3.0
Interest Rates						
3-month Treasury Bill ⁴⁾	July	1.72%	1.90%	4.84%	---	---
Corporate Aaa Bonds ⁴⁾	July	5.67%	5.68%	5.73%	---	---
Real Gross Domestic Product ⁶⁾ (billions of 2000 \$, SAAR, Chain-Weighted)	2008 2nd Qtr.	\$11,740.3	\$11,646.0	\$11,491.4	3.3	2.2
Michigan Tax Collections ⁷⁾ (12 major taxes, millions)	July 2008	\$1,945.6	\$1,941.5	\$1,845.8	NM	5.4

SAAR = Seasonally Adjusted at Annual Rates. NM = Not Meaningful.

Revenue data vary greatly from month-to-month due to timing and other noneconomic factors.

*Note: Percent changes from previous period for CPI and GDP at annual rate.

Sources: 1) Reuters/University of Michigan Surveys of Consumers. 2) Dow Jones & Company/Federal Reserve Bank of St. Louis.

3) U.S. Department of Commerce, Bureau of the Census. 4) Board of Governors of the Federal Reserve System. 5) U.S. Department of Labor, Bureau of Labor Statistics. 6) U.S. Department of Commerce, Bureau of Economic Analysis. 7) Michigan Department of Treasury and the Senate Fiscal Agency.

